



Raising the Bar for Health Care

"For 20 years we've dealt with rising health care costs by finding ways to pass it on from businesses to government to individuals to communities and back again. We have heard enough of the quick-fixes and political promises."

Governor Chris Gregoire
October 25, 2005

As America's health care system staggers under its own weight, few would dispute that the way we dispense and use health care is a mess. The United States spends by far the most money on health care, yet our infant mortality rate is worse than many other industrialized nations. The Governor can't fix the whole country, but she can do something about our own state government's health care system. The Governor says it is time to move beyond slogans and the politically expedient path of just shoveling more money into the health care furnace. Her goal is to set an example for Washington's entire health care system. In the process, the state can free up an estimated \$18 million of health care dollars in this budget biennium alone to provide care to more people, and do it for the benefit of patients and taxpayers alike.

State government a big presence in the health care market

Remaking state government's health care system is a big step. State government's share of Washington's health care market is huge. The state provides health care to about 1.3 million Washington children and adults – close to the combined populations of Pierce, Clark and Spokane counties. The state's cost this year for health and health-related programs is \$4.5 billion, which is nearly 28 percent of state expenditures.

Reforming the state system so it provides high-quality care at lower cost saves money needed to provide more health care, especially for children. It also can significantly influence the way private sector health care systems operate in our marketplace.

Five-point strategy to make Washington a national leader in health care

Governor Gregoire has a five-point strategy to make state government a national leader in the way we buy and use health care. It's a strategy that will improve health care quality and contain costs. She intends to make the plan a reality in the months ahead. Some she can do some by herself and some will require the help of the Legislature.

Governor Gregoire's Five-point Strategy for Improving Health Care:

- ✓ Emphasize evidence-based health care
- ✓ Promote prevention, healthy lifestyles and healthy choices
- ✓ Better manage chronic care
- ✓ Create more transparency in the health care system
- ✓ Make better use of information technology

What the Governor intends to accomplish

Governor Gregoire intends to eliminate wrong or wasteful medical care. She will help health care consumers lead healthier lives and reduce their trips to the doctor. She will get a better handle on how we head off or treat chronic illness, which consumes so much of the health care dollar. State government will better harness computer technology to improve patient information systems, improving patient safety and care, while squeezing out bureaucratic costs. And finally, state government will make its health care system more transparent, so everyone can see what they're getting for their money. These five strategies are not separate and apart. They depend on each other to work.

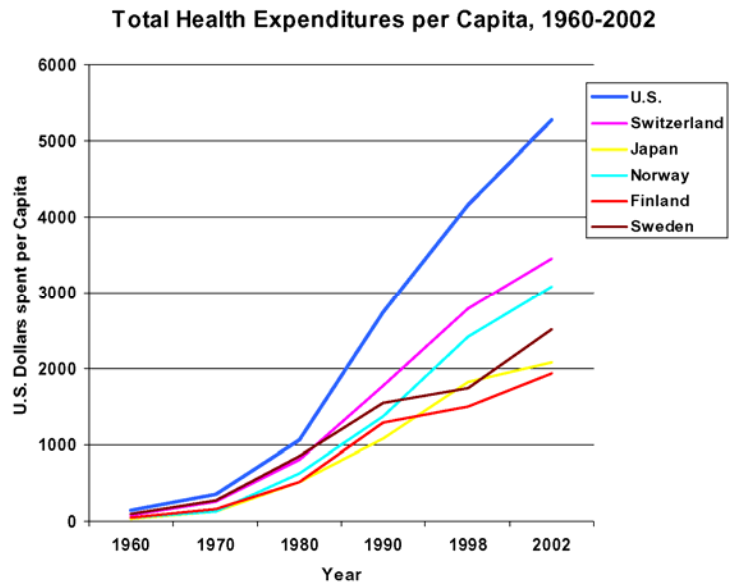
The five strategies

1) Emphasize evidence-based health care

The Governor wants the state system to focus on the use of medical treatment that has been proven to work through careful analysis. This way, the system can eliminate costly, ineffective and dated treatments that either have been shown to be unsafe, not to work, or have been replaced with better treatments – even more expensive ones, if necessary, to get the quality needed. It means looking at research, not television commercials, to find the right treatment options. Specifically, the Governor will:

- **Establish a centralized evidence-based system** for all state agencies that purchase health care. The new process will create a Technology Assessment Committee to review scientific and clinical evidence relating to health care purchases. The state already knows how to do this. It subjected prescription drugs to evidence-based scrutiny, and it works. Patients get the drugs they need and the state saves money. The evidence data for health purchases will come from the University of Washington, which will collect and analyze already available data or

The U.S. spends the most on health care



...but doesn't get the best results

Infant Mortality – Rank by Country

1 Iceland	11 Italy	20 United Kingdom
2 Japan	12 Austria	21 Ireland
3 Finland	13 Denmark	22 Luxembourg
4 Spain	14 Portugal	23 Slovak Republic
5 Sweden	15 Switzerland	24 United States
6 Norway	16 Greece	25 Poland
7 Czech Republic	17 Canada	26 Hungary
8 Germany	18 Australia	27 Mexico
9 Belgium	19 Netherlands	28 Turkey
10 France		

Source: Community Health Access Project

conduct new assessments. The Governor will ask the Legislature to approve this system at a cost of \$1.2 million. Future savings from reducing wasteful, ineffective or unsafe health care will more than cover the cost of operating the systematic reviews.

- **Launch a high-value employee health plan.** Beginning with our 2007 health insurance procurement, Governor Gregoire will ask the Public Employee Benefits Board to add a new plan to the public-employee medical benefits menu. This plan will embrace purchasing strategies that line up with current and anticipated changes in the health care marketplace. Specifically, she will invest \$15.9 million of the board's fund balance to start a new self-insured plan, managed by a third-party carrier. Complementing the existing Uniform Medical Plan, the new option will embrace and employ each of her five strategies.

The operating principles she will require include: Clear and comparable health and cost data for use by providers, patients and purchasers; health-provider incentives to continuously improve quality, safety and efficiency; use of Electronic Data Interchange for financial and clinical data; increased use of evidence-based standards of care; and education and incentives that lead consumers to choose high-performing providers. In addition, the state will evaluate the current lineup of managed-care options to improve value for employees.

- **Limit inappropriate use of prescription drugs** in Medicaid and root out unnecessary health care practices. The Governor will provide resources to the Department of Social and Health Services to limit inappropriate use of prescription drugs, and better identify the few health care providers who exhibit unusual practices that contribute to above-average treatment costs. Identified providers will be referred to the Medical-Dental Advisory Committee for further review, if necessary, and contract terminations will be issued where appropriate. Savings of \$6.3 million a year will occur just by taking these steps.

2) Promote prevention, healthy lifestyles and healthy choices

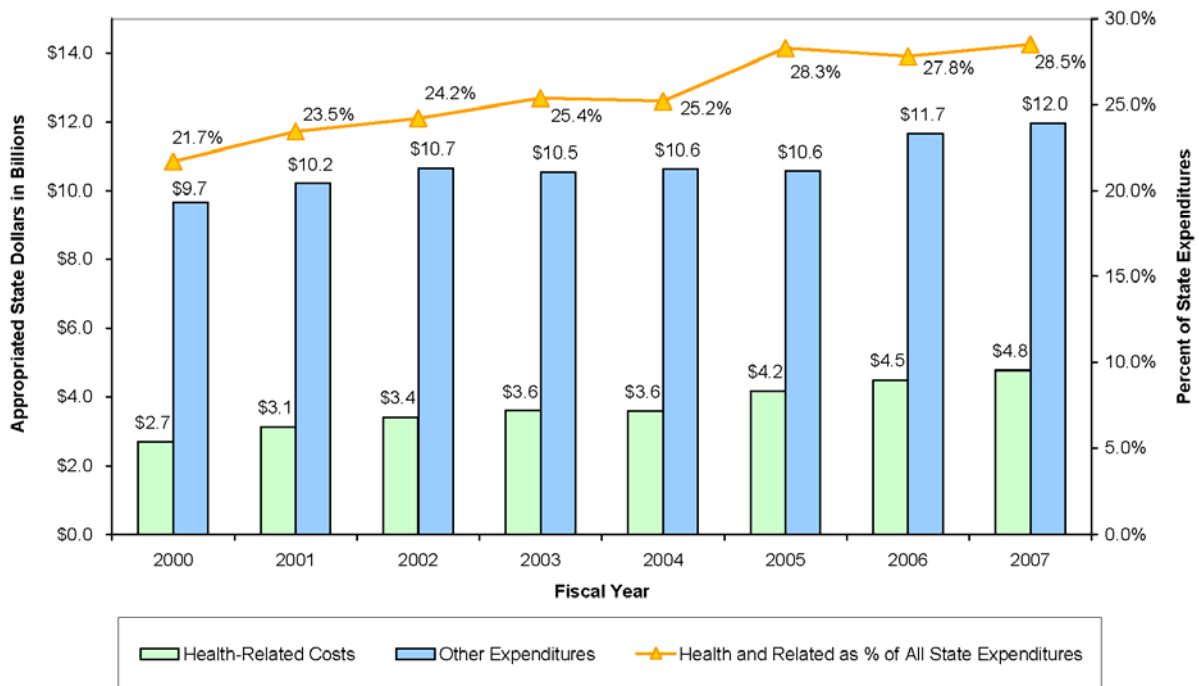
No other strategy can compare to this one in improving health, reducing costs and making health care dollars go further. The Centers for Disease Control says of the four factors that influence human health – the others being environment, genes and medical care – this is the big one, accounting for 51 percent of health factors. Our bodies need exercise, good food, early detection of disease, vaccinations and other maintenance. Our state will be a role model for promoting healthy behaviors in government, in schools and in our communities. The Governor will:

- **Provide employees an easy way to know if they have healthy habits.** Employees will have a new online survey in which they can securely enter their personal health information – which would then be compared with local and national data. The tool will give employees customized recommendations for improving their health and it will help them take personal responsibility for their health, as has been the experience in corporate employee wellness programs. The \$450,000 cost will be covered with funds from the benefits board fund.
- **Begin Washington Wellness Works.** By executive order, the Governor will launch a statewide initiative to help state employees and retirees improve their health. The Washington Wellness Advisory Committee will be established to create health improvement and illness prevention programs, targeting education campaigns in key areas such as smoking cessation. The state will look at outcomes to see what works. The Governor also will continue next year

her 2005 Community Health Bowl Campaign, which encouraged thousands of people to walk for their health.

- **Require performance measures to be included in health contracts** for state employees and clients who get health care through Medicaid or the Basic Health Plan. The Governor will require the Health Care Authority and the Department of Social and Health Services to develop measures used to decide if medical plan providers are doing a good job of preventing illness. These measures will be included in our contracts with providers. The state will look at activities such as improved vaccination, smoking cessation and physical activity.

State Health Care Costs* Take a Bigger Bite



Source: Office of Financial Management

3) Better manage chronic care

Five percent of patients account for 50 percent of health care costs. Many diseases like cardiovascular disease and Type II diabetes can be better managed and, in some cases, prevented when we have the right data and other information on which to base care decisions. The Governor is directing the Health Care Authority and the Medicaid programs to develop a plan to better predict development of chronic disease in order to head off disease among patients before it gets a foothold and to do a better job of treating the already chronically ill. This year, the agencies will evaluate options and then recommend an action plan next year.

4) Create more transparency in the health system

When people buy cars, they can easily find information to learn how one car stacks up against another. Citizens should have the same kind of information about health care, especially if we expect consumers to actively manage their health. The new, self-insured health care option for state employees to be created by the Governor will include several elements that bring transparency to patients, providers and purchasers. This experience will help us develop and extend transparency strategies and practices to the rest of our health care system.

5) Make better use of information technology

Patient safety is threatened and time and money are wasted on duplicate and unnecessary medical procedures because information is not adequately shared. Experts estimate that 30 percent of medical testing is redundant because specialists don't know primary care providers already performed tests. The more information is shared, the more costs and errors are reduced, and the more quality is improved. The Governor will take steps to do a far better job of making sure information is available to everybody involved with patient care. She will:

- **Request 2006 legislation to set a statewide goal for health information technology** in Washington. By 2012, all hospitals in Washington State will have implemented electronic medical records systems. Of the 98 hospitals in Washington, about 40 percent now have the systems.
- **Direct the Health Care Authority to try incentives** to encourage health information technology. HCA will spend \$500,000 of existing funds to implement pilots for incentives tied to reimbursements, good administration, or quality, to providers and organizations that adopt health information technologies. Pilots would also include criteria requiring that systems be designed to share information with each other.
- **Launch the high-value employee health plan**, detailed above, which will lead the way in information sharing by using an Electronic Data Interchange to obtain financial and clinical data needed to guide how the state purchases health care for its employees.

We can lead the way to a better health care system

As the Governor continues to study how to make the health care system work, she is convinced that the way to proceed is to work from the inside out. She and the Legislature control a huge player in Washington's health care market. The state can bring to it cutting-edge changes that improve patient safety and health, and save money to create more health care access. The Governor intends to lead the way and turn Washington's health care market into one that works for everybody – one that is admired and copied beyond our borders.

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